

**LEGISLATIVE SERVICES AGENCY
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FISCAL IMPACT STATEMENT

LS 6904

BILL NUMBER: HB 1545

NOTE PREPARED: Apr 10, 2003

BILL AMENDED: Mar 31, 2003

SUBJECT: Insurance Matters.

FIRST AUTHOR: Rep. Fry

FIRST SPONSOR: Sen. Paul

BILL STATUS: As Passed - Senate

FUNDS AFFECTED: ☒ **GENERAL**
DEDICATED
FEDERAL

IMPACT: State

Summary of Legislation: (Amended) This bill amends the law concerning insurance administrators and provides for reciprocity in the licensure of insurance administrators. The bill provides bonding requirements for resident surplus lines producer's licenses.

The bill provides that notice of nonrenewal of a commercial property and casualty insurance policy or an automobile insurance policy is not required if the insured is transferred to an affiliate of the insurer in certain circumstances. The bill repeals a provision requiring a foreign or an alien insurance company to file an annual condensed statement of the insurer's assets and liabilities and providing for publication. The bill also makes conforming amendments and a technical change.

Effective Date: July 1, 2003.

Explanation of State Expenditures: Department of Insurance staff state that this bill will not increase expenditures by the Department. This bill is part of a multi-state effort to coordinate third party administrator filings. This uniform code, once enacted by all states, will require the Department to review applications for only those third party administrators domiciled in Indiana. The Department will continue using current procedures unless an applicant's state of domicile has enacted the uniform code, then the procedure set forth in this bill can be followed.

Background - Nonresident Administrator License: A person may file for a nonresident administrator license if they are currently licensed in a state that has comparable licensing requirements. The individual must file a statement of licensure and submit a filing fee on or by September 15 of each year. If the Commissioner is able to verify the nonresident administrator's homestate license through an electronic database and duly

notifies the applicant, no filing is required. There are currently 216 non-domestic third party administrators licensed in Indiana.

Explanation of State Revenues: *Insurance Administrators:* This bill contains new provisions for insurance administrators. The bill allows the Commissioner of Insurance to either deny, revoke, or suspend the license of an insurance administrator under certain conditions. In addition, the Commissioner may impose a civil penalty not to exceed \$25,000 per act or violation in lieu of license suspension. The amount of revenue that could be collected under this provision is unknown at this time.

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: Department of Insurance.

Local Agencies Affected:

Information Sources: Cynthia Donovan, Manager of Securities and Financial Services Operations, Department of Insurance, (317) 232-2408; Greg Thomas, Chief Deputy Commissioner, Department of Insurance, (317) 232-2406.

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